

THIRTY-YEAR OLD COMPLEX PREPAYS WITH CITY'S HELP

Hunnewell Rural Rental Housing, Inc., first met on August 20, 1970, with the following officers being elected: Archie Reidmeyer, President; Jim Blackford, Vice President; Ruby Blackford, Secretary and Vera Yancey, Treasurer. On October 6, 1974, an open house was held to show the public the new apartments.

Other Presidents of the corporation include Harold Hall, Vivian Coon, Robert Ken, and Jim Berry. Jim Berry has served as president for the longest period of time, from 1991 to today. Other community members serving as officers on the housing board include Mary Sue Lyell, from 1988 to 1999, Marie Kent, Martha Smith, Betty Baker, and Fay Chitwood. Current board members are: President, Jim Berry; Vice President, Sam Murray; Secretary/Treasurer, Faye Chitwood. Other members of the current board include Mary Sue Lyell and Harley Dodson.

Hunnewell Rural Rental Housing, Inc., contacted USDA Rural Development for information in regard to prepaying their loan in late 2003. After a review of their deed of trust, it was determined that they might be able to prepay their loan as long as they met certain requirements. The board looked at several options for refinancing the USDA loan. In the end, the board contacted the City of Hunnewell in regards to their taking over the operations of Hunnewell Rural Rental Housing, Inc. Using this option, the tenants will have local management/supervision by local community members, the housing will continue to serve the existing tenants, and any new tenants, in the same manner as in previous years, and some of the USDA paperwork will no longer be required. The City of Hunnewell, the board of directors of Hunnewell Rural Rental Housing, Inc. and USDA Rural Development have worked together to complete this transaction and to make a smooth transition for the tenants.

The current board of directors is to be commended for working with their local government to keep services available for their local community members. The board

noted that at the present time they have had problems finding new members willing to serve on the board due to the decreasing population in the rural area. This solution certainly seems to fit the needs of the tenants and the housing board. Congratulations to the board members and the City of Hunnewell for their service to their local community and the tenants of Hunnewell Rural Rental Housing, Inc.



Pictured left to right: James Berry, President, Sam Murray, Vice President, Hunnewell Rural Housing, Inc., and Teresa Cody, Rural Development Specialist, USDA, Rural Development.

BETTER AN EMPTY APARTMENT.... THAN A BIG SUPRISE!!!

There is a tool available to help you screen your tenants. Case.net is your access to the Missouri State Courts Automated Case Management System. From here you are able to inquire on case records including docket entries, parties, judgments, and charges in public court. Not all courts participate in the site and only cases that have been deemed public under the Statutes will be shown; however, there is a great deal of information on this site that can assist you. The website address is <http://casenet.osca.state.mo.us/casenet/navigator.asp>. From this screen, select the court from the drop down menu at the top. Each court is listed individually, but you can scroll to the bottom of the list and select "All Courts" to get cases everywhere in the state. Once you have selected the court(s), click on "GO" with your mouse. This will give you a screen to enter the name of the proposed tenant you wish to find. We had a real case in

one of our complexes where a tenant did not pay rent, caused all kinds of trouble (sound familiar?), the media got involved and the borrower ended up not renewing the lease. When we ran this tenant through Missouri Case Net, we found that he had been evicted from other rental properties on five previous occasions and there were unpaid judgments on record to collect unpaid rent. An initial screening through this site would have resulted in not renting to this individual and not having all the problems from this tenant.

PASSBOOK SAVINGS RATE CHANGE

The passbook savings rate changed to .65% effective June 1, 2004. Please be sure to use this rate when processing tenant certifications/recertifications.

WAGE MATCH REVIEWS

As most of you may be aware, we have stepped up our efforts to find and prevent fraud, waste and abuse of Federal benefits through the wage matching process as we continue to see problems with inaccurate reporting of income. We are proud of our multi-family housing programs, and this process helps assure that federally funded rental assistance is distributed in the manner that Rural Development instruction dictates. Unauthorized assistance can be in the form of receipt of rental assistance that is not justified, or assignment of reduced rent based on 30% of the tenant's income that was improperly reported. To assist you in taking the appropriate actions when the possibility of improper reporting of income is identified, we have developed a checklist that will walk you through the steps to take when you receive a letter from us concerning a tenant. The checklist is attached to this newsletter. Additionally, our Area Offices will run wage matches for you on tenants or applicants. At a minimum, we would suggest you obtain a wage match on tenants that report zero income (no wages, assistance, unemployment, etc.). We are glad to do this for you and have found that this does raise some red flags on whether tenants are accurately reporting to you and may minimize the instances when you have to try to collect back unauthorized assistance.

REGULATION/POLICY CORNER

TENANT ELIGIBILITY – Reminder, please refer to your Handbook, Exhibit B, VI, Page 35, for determining tenant eligibility. Full-time students may be considered eligible if they meet ALL of these conditions:

- a) Is of legal age and legally able to enter into a binding contract under state law.

- b) The person seeking occupancy has established a household separate and distinct from their parent's or legal guardians.
- c) The person seeking occupancy is no longer claimed as a dependent by their parents or legal guardians pursuant to Internal Revenue Service regulations, and evidence is provided to this effect, and
- d) The person seeking occupancy signs a written statement indicating whether or not the person's parents, legal guardians, or other provide any financial assistance and such financial assistance is considered part of current annual income and is verified in writing by the borrower.

NOTE: If your property is receiving Low-Income Housing Tax Credits, then full-time students are not eligible even if they meet the above conditions. (Refer to Page 9 of the Missouri Housing Development Commission Low-Income Housing Tax Credit Program Compliance Monitoring Manual).

RENTING TO INELIGIBLES – RRH Guide 49 has been revised to include information for borrowers receiving low income housing tax credits and the possibility of being in violation of IRS code 42 under certain conditions when renting to ineligible. Please use this new form to request Rural Development permission to rent to ineligible tenants.

IS YOUR INSURANCE DEDUCTIBLE ADEQUATE?

We are seeing several instances where the deductibles on property insurance policies exceed the required amount. Instruction 426.1, II 1 c (2) provides the guidelines. Basically, the requirement is up to one-fourth of one percent (0.0025) of the insurable value with a maximum deductible of \$5,000. For example, a complex has insurance on four buildings in the amount of \$99,300 each and a community room in the amount of \$77,300 for a total insurance for the complex of \$474,500. To calculate the deductible, you would use the total cost of \$474,500 x .0025 = \$1,186.25. This would be the maximum deductible allowed. Please take a look at your current policy. If you exceed the required deductible, please contact your area office to discuss alternatives.

YOUR COMPLEX IS BEING SHOWN NATION-WIDE!

In order for more people to have access to information regarding Rental Housing complexes throughout the United States, a new website has been created. It gives information such as Name and Address of the complex, Complex Type (family or elderly), Apartment

Information (units), Bedrooms (number of 1 bdr, 2 bdr, etc.) and even a picture! Also available on this page is a map and driving directions using MapQuest and Contact Information. To access this new website, just go to: <http://rdmfhrentals.sc.egov.usda.gov/RDMFHRentals>. It brings up a map of the United States where you can click on the State of interest. It will bring up that state which is divided by counties. Click on the County of interest and it will bring up all the properties located in that county. Click on the complex name and it brings up the information about that complex.

You can also access this information from our webpage at <http://www.rurdev.usda.gov/mo> by clicking on Offices, then click on Local Office Information. It will bring up a map of Missouri divided by counties. Click on the County of interest and it will bring up information about the office that serves that County. Scroll down to the bottom of the page to Rental Housing Information and click on the County and it will bring up all properties located in that county. You would then click on the complex name and it brings up the information about the complex.

We are very excited about this new website and anticipate it will help generate more interest the rental housing complexes throughout the State. Go in and take a look at your property!

CENTRALIZED PROCESSING CENTER


PAYMENTS - All payments are now centralized in the Rural Development State Office in Columbia. The CPC contact and their phone numbers are listed below for your convenience.


Linda Bray (573-876-9330) is taking care of those who previously sent payments and tenant certifications to the Area Offices in St. Joseph, Dexter and Farmington.

Frank Classens (573-876-9302) is taking care of those who previously sent payments and tenant certifications to the Area Offices in Springfield and Houston.


Rachel Hartman (573-876-9307) is taking care of those who previously sent payments and tenant certifications to Kirksville and Clinton.


*******Dates To Remember*******


 **Payments** are due in the CPC on the 1st of each month.

 **Tenant Certifications** – New move-ins are due to the CPC by the 1st of the month for tenants who move in on or before the 23rd of the previous month and by the 10th of the month for tenants who move in between the 24th and the last day of the previous month.

Recertifications are due by the 1st if sending by mail (**must be originals**) and by the 10th if transmitting via the computer (**please review your transactions to see if they are accepted, rejected or pending**).

 All pending transactions are reviewed by CPC daily and are accepted or rejected. For recertifications, if there is a 40% difference in any information on the form between the expiring certification and the current certification, it will remain in pending until Rural Development reviews the information.

 All Project Worksheets will be mailed, emailed or released in MINC, by the 20th of each month. If you have not received your worksheet by the 25th, please notify your contact listed above as soon as possible to avoid late payments.

 If you are submitting your payments through MINC, you cannot submit your payment until after the 20th of each month.

Attached to this newsletter is a calendar showing the important dates shown above. Keep it close to your computer as a reminder!

Additionally, be sure to review your worksheet in complete detail to assure that all information is correct. To assist you in understanding this worksheet, we have attached a Guide to Reading and Understanding Your Project Worksheet which explains in detail what each piece of information means. It is extremely important that the information be correct as errors can add additional cost to the complex or to the borrower.

Monthly Processing Changes: Missouri Rural Development is undergoing modifications to their current systems, many that affect you. Among these changes is the ability to review worksheets and make your payments on-line. Another change that will affect those complexes with eight or more units is the mandate that you start transmitting your tenant certifications, vacates, assignments of Rental Assistance, etc., through the computer using the Management Interactive Network Connection (MINC). This also means that everyone currently using Industry Interface will have to convert to MINC before August 2, 2004. Information packets have been sent to you with all of the information. Please review this information carefully as you only have a few weeks to make the conversion. If you should have any questions on converting to the new system, getting signed up, or just general questions, please call your contact in the Centralized Processing Center.

USDA Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410

WAGE MATCH DISCREPANCY CHECKLIST

At any time, you may request Rural Development to run a wage match of any tenant in your complex. Just send Exhibit G of Missouri AN No. 1413 (3550 & 1930-C) dated August 4, 2003, to the Centralized Payment Center (CPC) or the Area Office (AO) that services your complex. After we run the wage match, we will provide you with the information so you can follow-up with employers.

Once you have received a letter from Rural Development indicating a possible wage match discrepancy, below are the steps you should take:

- _____ Contact the tenant household to solicit additional information or explain any discrepancies, abuses or to correct any errors.
- _____ If you have third party verification of the tenant/co-tenant's income and corrections need to be made to the certification, please submit the changes to the CPC immediately.
- _____ If you have not verified the wages of the tenant/co-tenant from current/former employer(s), write a letter requesting employment information using the address provided in the letter from Rural Development. If more than one employer is listed, you must contact them all.
- _____ Obtain written verification of other income, such as child support, unemployment benefits, public assistance, etc., from third party sources (you may already have this information in your file).
- _____ After verifications have been received, if changes need to be made to the certification, submit changes to the CPC immediately.
- _____ Analyze the information collected to determine if unauthorized assistance has been received by the tenant.
- _____ If no unauthorized assistance has been received by the tenant, please notify the CPC of your findings in writing.
- _____ If it appears unauthorized assistance has been provided, notify the tenant of your findings in writing and give possible corrective actions, i.e., repayment of unauthorized assistance in one lump sum; making monthly payments until unauthorized assistance has been paid in full, etc.
- _____ Also advise the tenant of their right to file a grievance under RD Instruction 1944-L if satisfactory resolution cannot be achieved.
- _____ Obtain in writing the corrective measures and timeframes agreed upon between the tenant and management company for repaying the unauthorized assistance.
- _____ Complete Missouri AN 1413 (3550 & 1930-C) dated August 4, 2003, Attachment E, Guide Record of Inaccurate Information Reported by Tenants Being Resolved with Reimbursement Arrangements (copy attached), and submit to the CPC. Based upon your agreement with the tenant, we will make an adjustment to your payment.
- _____ If corrective measures cannot be achieved, tenant eviction proceedings should be initiated.
- _____ If the tenant vacates leaving the unauthorized assistance unpaid, you are responsible for taking any necessary steps to collect the balance owed. You should contact your attorney to find out what steps you can legally take, turn it over to a collection agency, small claims court, etc.
- _____ If your attempts at collection are unsuccessful, you should notify the CPC in writing outlining what steps you have taken to attempt collection, attaching any supporting documentation. Our office will review the information for possible investigation in accordance with RD Instruction 2012-B.